

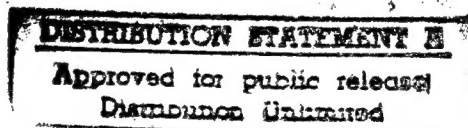
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18 July 1984

China Report

ECONOMIC AFFAIRS



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18 July 1984

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

MAJOR THEORETICAL QUESTIONS ON INDUSTRIES

HK091031 Beijing JINGJI GUANLI in Chinese No 5, 5 May 84 pp 3-6

[Speech given by Ma Hong [7456 3168] at the second preparatory meeting of the China Industrial Economists Association: "A Study of the Significant Theoretical Questions of Strengthening Socialist Industrial Construction"]

[Text] Today we have invited to this meeting the comrades who have done some research into the economics related to industries and the comrades who have been working effectively for a long time in the economic field and who have gained rich experiences from this work and have turned some of their experiences into theory. There are some other comrades who cannot attend this meeting because they have some affairs to attend to, but we will continue to contact these comrades.

The 12th CPC National Congress put forth the goal to quadruple our country's gross annual industrial and agricultural output value by the end of this century. This should be a quadrupling on the basis of raising our economic results. In fact, our industries shoulder the major responsibility for the task of achieving the quadrupling. It will be very difficult to quadruple our agriculture in 20 years. Of course, by agriculture, I hereby mean the agricultural undertaking that does not include township industry. If we include township industry in it, judging by the present situation, it will be very hopeful to achieve the goal of quadrupling. However, by so doing, we include a section of our industry in our agriculture. We are now making preparations for the establishment of an association for industrial economists. The subjects of research for this association should include township industry and should not only include urban industry and state-run industry. They should include the part of our industry that is rising and promising in its future development. The CPC Central Committee requires us to achieve the quadrupling on the basis of raising our economic results. We should say that the economic results in our industries fall far short of the idealistic standard. True, during the past few years, our industries have made progress to differing extents in quantity, quality and variety of their products, and particularly have achieved a relatively great rate of growth, but their economic results are not satisfactory. Take last year for example, the production of the enterprises included in our budget rose by 9.6 percent, but their tax payments and profits rose only by 6.3 percent and the ratio of profits to sales was 0.58 percent lower than that in the year before. This showed that there was no increase but even some decrease in certain spheres of their

economic results. Judging by the present performance of our industry, it will be impossible for all parts of it to attain the world advanced level by the end of this century. At a speech given by Comrade Ziyang the year before last year, he put forth the idea that by the end of this century an overwhelming majority of our enterprises should attain the level of those in developed countries at the end of the 1970's and the beginning of the 1980's. This is what we can and must attain. Judging by the general situation, this should be our minimum requirement. Some departments and enterprises must attain or nearly attain the present world advanced level and perhaps, certain departments and undertakings will attain the contemporary world advanced level at that time. Undoubtedly, this is a task that our industry should undertake, because our industry is the leading force in developing our national economy. The general principle of regarding agriculture as the foundation and industry as the leading force in developing our national economy was put forth in 1961. At the beginning, Chairman Mao put forth the general principle of regarding agriculture as the foundation in developing our national economy, but Premier Zhou proposed that we had to add to the content of the principle regarding industry as the leading factor. This is a very important addition. For it is hopeless for us to achieve the four modernizations if we only have the foundation but do not have a leading force. Therefore, our industry plans an important role in attaining the 12th CPC National Congress' strategic goal and strategic key tasks for the development of our national economy. In order to fulfill these tasks, the vast number of cadres, staff, workers, and scientific and technological workers on our industrial front should make common efforts. However, in order to make our work more effective and more scientific and in order to enable us to achieve better effects, including the effects in economic, technological, and social spheres, we should strengthen our theoretical research into the economics related to our industry.

Just as Lenin said, without the guidance of correct theory, our practice will be a blind practice. In this area, we have drawn on bitter lessons from our practice in the past 30 and more years.

Of course, we should not say that all our practice in the past was conducted without the guidance of theory. There was some guidance of theory, but sometimes the guidance of theory was divorced from practice. Things that cannot reflect reality or go against reality are erroneous things. By guidance of theory, we mean today the theory of Marxism-Leninism-Mao Zedong thought and the theory that can actually solve the major practical problems that have cropped up in China's socialist construction.

This theory does not exist naturally nor does it come by from nowhere. Nor is it an innate product of our thoughts. It is a theory that will gradually take shape in the process of analyzing the concrete reality in China in the light of the Marxist stand, viewpoints, and methods and applying the stand, viewpoints, and methods to China's concrete circumstances and continuously summing up our experience in order to heighten our understanding.

Of course, this task cannot be divorced from practice. However, it differs from the concrete vocational work conducted by some of our comrades.

Certainly, we theoretical workers must maintain close ties with the comrades who are doing practical work. Only by so doing can we do this work more satisfactorily. For the experiences gained in the past 30 and more years have proved that any comrade who both masters the theory and has practical experience can do his work effectively whether in theoretical research or in practical work.

If the reverse is the case, a comrade can do his work with little effect. However, in our practical life, there is indeed the following problem: some comrades who are doing theoretical work lack practical experience, while some comrades who are doing practical work lack necessary theoretical understanding and study because of their limited time and energy. We should solve this problem. If we solve it successfully, our industry will surely develop more healthily. This is beyond all question. I think that our association should do what we can do in this area. Maybe, this is too much for us, but as long as we all make efforts, we will play some positive role. We are sure that the more satisfactorily we do our work, the greater our contribution in facilitating the development of our economy.

Our industrial economics is faced with many important subjects to study. What are the major questions that we often encounter?

The first question is: What distinguishing features does China's socialist economic construction have? Did Comrade Xiaoping not put forth at the 12th CPC National Congress the idea of building socialism with Chinese characteristics? Of course, these distinguishing features include political, economic, cultural, and other aspects, but economy is the foundation of this socialism.

What distinguishing features there should be in China's socialist national economy is a question that we should make a conscientious study of. Our press and journals have already published quite a few articles to discuss this question and we should continue to discuss and research into this question. Recently, a central leading comrade said that now we cannot answer the question of what is socialism with Chinese characteristics because this socialism has to be created by us. Our social scientific workers should act in accordance with the instruction of the central leading comrade, creatively research into these important questions and along with the development of our practice gradually get clear answers to these questions in theory. Therefore, researching into this question is an unshirkable duty for China's social scientific workers. Why have I started my discussion with this question? Because our national economy is an integrated whole of which our industry is a part and a leading part. Researching into the industrial economic sector cannot be divorced from the whole situation of our national economy.

The distinguishing features of our national economy as a whole will inevitably be reflected in our industry. For example, China has a population of 1 billion people. This is a special feature of China. This special feature of China will surely be reflected in the special features of our national economy and of our industry. We now have more than 100 million wage laborers. This is too great a labor force from the point of view of actual needs. About one-fifth to one-quarter of it is redundant. How should we deal with this redundant labor force? Should we let it remain as it is now or should we

adopt another method to deal with it. This has a bearing on our national economy as a whole. We all have read "Selected Works of Deng Xiaoping." Comrade Xiaoping said that China at least had two important characteristics that we must not fail to see. One of the characteristics is China's huge population and the other is its weak foundation. These are the characteristics of China as a whole and therefore, have a bearing on our national economy and industry. Therefore, first we should make clear through research the distinguishing features of China's socialist economy.

The second question has a direct bearing on us. What after all are the distinguishing features of China's socialist industry. Industry is a general idea and all countries have their industries. However, the industry of every country always has its own distinguishing features. We should discuss and research into the distinguishing features of Chinese industry. Only by clarifying the distinguishing features of China's industry, agriculture, and other economic sectors including that of circulation can we sum up these distinguishing features and then understand the distinguishing features of China's national economy. Therefore, to be more concrete in our sphere in researching into the question of building socialism with Chinese characteristics, we should research into the distinguishing features of China's socialist industry.

The third question is that we should research into the path for and prospects of the development of China's socialist industry. Chairman Mao said quite a lot on the path for the development of China's industry and all he said was important. Stalin also said something on the question on the path of Soviet industrialization and for a time what he said was regarded as a law that all socialist countries had to observe, namely, the law of start from developing heavy industry. For a certain period, we did this. Later, Chairman Mao found that there were some shortcomings in Stalin's idea and put forth the idea of developing industry and agriculture simultaneously and satisfactorily handling the relations between industry and agriculture. Is this actually a practical path for China's industrialization and can we further deepen our understanding? Chairman Mao put forth this question in 1956 in his lecture entitled "On the Correct Handling of Contradictions Among the People." Soon after, he published the article "On 10 Major Relationships," in which he gave further expositions on the question of how we were to develop our country's industry. It has been nearly 30 years since the publication of that article in 1956. Our practice in the 30 years provides us with many new experiences to sum up, deepens our understanding on this question and enables us to forecast the prospects of the development of our industry by reviewing the path of our industrial development that we followed in the past. Now, we are researching into the questions of what China should become by the year of 2000, what China's industry should become by the year 2000, what are the prospects for China's industry, whether all sectors of industry will be quadrupled by that time and whether some sectors will be quadrupled, others will be increased by seven times and still others will only be doubled or some even need not be doubled. The general idea is a quadrupling, but this does not mean a quadrupling in all sectors. If all sectors are quadrupled, we will not only fail to improve the irrational structure of our economy at present, but will also worsen this irrational structure. Therefore, research into the path for and

prospects for every sector of our industry, including our iron and steel industry, energy industry, chemical industry, machine building industry, and light and textile industry. This is a question of strategy on our industrial development. We should also research into the guiding thoughts on the development of our industry, its strategic goal, key aspects, and procedures and the policies and measures that should be adopted in order to attain this strategic goal. We say that our current industrial structure is irrational, but we should make clear what is irrational in this structure and to what extent this structure is irrational. Rationalization can only be a rationalization under certain conditions. It continues to develop and change on its own and needs to be continuously readjusted in order to develop toward an even more rational goal. The second is the technological structure. Our country's technological structure is multilayered. It has the newest technology and is a mixture of automation, semiautomation, mechanization, semimechanization, and manual labor. It is roughly of a pyramid form. The most advanced sector is the top of the pyramid structure. Manual labor still accounts for quite a large proportion. What will this form become in the future? What will be the impact on us of the "new technological revolution" that is taking place in the world? We should probe into the question of whether we should continue to adopt the traditional method or whether we should develop other methods. On the question of the policies to counter the new technological revolution, there are in fact two kinds of opinions. The first opinion is that we should start from establishing new undertakings in developing our industry and concentrate our major attention on the establishment of new industrial sectors. The second is to start from transforming our traditional industrial sectors and assimilate the newest technology in the world on this basis and in the light of the possibility provided by our actual conditions. Thus we will achieve the modernization of our existing industrial sectors and on this precondition correspondingly develop certain new industrial sectors that we cannot dispense with. We should never be carried away by our success and repeat our previous malpractice of "applying ultrasonic technology and using pipes everywhere" and the malpractice of "mechanization of agriculture." These malpractices will never bring about any good effects. If we turn them into campaigns, we will turn good ideas into bad practice. We should really assimilate new technology and be determined to improve our quality. Only by improving the quality of our technological workers and raising the level of skill of our workers can we will assimilate new technology. We should be clear of what we have fallen short of in this sphere, and then know what we should make efforts to improve. We should not hold mobilization conventions for applying one technology universally and indiscriminately and make the application a campaign. This will only result in repeating our previous mistakes. Moreover, we should also probe into the structure of our intellectual personnel, the regional layout of our industry and the organizational structure of our industry. For example, our conceptions on our industrial enterprises are very confused now. We often regard factories, enterprises, and companies as the same concepts. This is not a scientific idea. Maybe it is better to call all of them enterprises which can be factories as well as companies.

The fourth question is the question related to the management system of China's socialist industry, a question which we should satisfactorily probe into. What after all is administration by departments? What is administration

by areas? Should we combine the above two methods of administration? There are problems on which there have been lots of disputes. It is very important questions whether we should separate government administration from enterprise management and how we are to manage our enterprises after the separation. They are all related to the organizational structure of our industry. There are many problems in restructuring our industry, setting up combinations between our enterprises and carrying out specialized cooperation. As far as my personal experiences are concerned, the only combination of a national scale that has been formed truly on a basis of voluntary participation is the No 2 automobile plant. This plant has combined nearly 100 enterprises in an area from Guangdong to Heilongjiang and from Chongqing to Shanghai. Of course, these enterprises find it necessary to cooperate with one another. In my opinion, as other factories perhaps want more from the "No 2 automobile plant," naturally the plant becomes the center of the combination. Another relatively successful regional combination is the Capital Iron and Steel Complex. Beijing city has combined the more than 20 factories under its metallurgical industry department with the Capital Iron and Steel Complex, turned them into subordinate factories to the complex and thus dissolved the municipal metallurgical industry department. As these factories conducted rational division of labor after the establishment of the combination, their economic results have been greatly improved. By so doing, it is easy for us to solve the problem of duplicate and blind construction. Before combining with the Capital Iron and Steel Complex, there was the problem of duplicate construction in Beijing's metallurgical enterprises, but this problem has been solved after the establishment of the combination. This effective practice within the scope of a municipality can be popularized. If conditions allow, combinations can be set up between cities and regions and this may also achieve good results. In order to raise the economic results in our enterprises, in some of them we should rely on tapping potential through technological transformation, but in most of them, we should rationally readjust the organizational structure and management system, and break the separation between areas and departments. Then we will bring about good economic results without any additional investment. This is a problem related to our system and structure. In this sphere, we should solve the problem related to the establishment of the system of factory directors being responsible for factory management. Of course, this is a problem related to the internal structure of our enterprises.

Finally, I want to say something about another question, namely, now we are to preserve and develop the fine historical and cultural tradition of the Chinese nation in the process of the realization of the socialist modernization. The 12th CPC National Congress put forth the question of strengthening of the building of a socialist spiritual civilization. This is a very important problem. We have many things to do in this area. In order to build a socialism with Chinese characteristics, we should never depart from the fine historical and cultural legacy and tradition of our nation. How we are to heighten our national self-respect and self-confidence in the new historical period of socialist modernization is a very important problem. During the period of the war of resistance against Japan, Chairman Mao put forth, on behalf of our party and the people all over our country, the question of heightening our national self-confidence. As a result, we defeated Japan though

it was very strong. During the period of the war to resist U.S. aggression and aid Korea, our party put forth the idea of looking down upon U.S. imperialism and thus greatly heightened our national self-confidence. As a result, we "bravely and heroically went across the Yalu River" and achieved the great victory of the war. Today we are faced with a new historical task of realizing the modernization. Some people think that compared with Western developed countries which have undergone over 200 years of development, our country has fallen short in all aspects. This is a self-abased idea that looks down upon ourselves. It is an important problem that we must solve in our construction of the socialist spiritual civilization. In carrying out modernization, we must develop our patriotism and heighten our national self-respect and self-confidence. Not long ago, I visited India and saw that the Indian people were proud of their historical and cultural tradition. In the process of modernization, they preserved their country's historical and cultural tradition. All their art of architecture, internal decoration, music, dance, films and broadcasting were of Indian style. Of course, this does not hinder them in paying attention to assimilating and absorbing foreign new technology.

Preserving and developing the fine historical and cultural tradition of our nation in the process of our socialist modernization is an extremely important part of our construction of the socialist spiritual civilization. We should not regard modernization as a process to do everything in a foreign style and our modernization must be a modernization of Chinese style. When I visited Western Europe in 1980, I heard French people talk about assimilating new U.S. technology, but they have turned it French. West Germany talked about the necessity for not changing the tradition of the German nation in accepting the postwar Marshall Plan. Austrian entrepreneurs were particular about their "tradition plus progress." During the past few years, when I contacted some Japanese friends, I heard some people of insight among them say: Now their economy has developed and become relatively advanced, but there is also certain kind of spiritual crisis, namely, some people negate the fine tradition of the Japanese nation and blindly pursue the European and American lifestyle, particularly the American lifestyle. We have also found this problem. Therefore, in the process of our socialist modernization, we should also satisfactorily research into the question of how we are to preserve and develop our nation's fine historical and cultural tradition and build a socialist spiritual civilization with Chinese characteristics. Of course, this is not only a problem that we economic circles should research into, it is also a problem that our philosophy, history, literature, and other subjects of science should research into.

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ECONOMIC DEVELOPMENT ZONES

DALIAN MAYOR SPEAKS AT SINO-AUSTRALIAN FORUM

OW131339 Beijing XINHUA in English 1305 GMT 13 Jun 84

[Text] Beijing, 13 Jun (XINHUA)--Foreign businessmen are welcome to start joint ventures and independent enterprises in the port city of Dalian, said Mayor Wei Fuhai of the city today.

Speaking at the China-Australia executive forum now in progress in Beijing, he said preferential treatment would be given to businessmen from abroad and from Hong Kong, Macao and Taiwan who invest in the designated Dalian development zone. He said that since Dalian was declared open to the outside world together with 13 other port cities in March, more than 50 overseas firms had sent representatives to negotiate on economic and technical cooperation.

Business concerns from the central departments and provinces including Heilongjiang, Jilin and Liaoning as well as the China International Trust and Investment Corporation had discussed possible joint ventures in the establishment of the planned 50-square kilometer economic and technical development zone in the city.

The first phase of the project to be finished in one year on an area of 5 square kilometers in the zone involves road construction, water, electricity, gas, sewerage and communications systems, and some standard factory buildings.

The development zone will mainly produce electronics, meters and instruments, precision machinery, new materials and foodstuff and drinks.

The city is speeding up the construction of infrastructure. This includes an expansion of the airport, the Shenyang-Dalian 960-channel microwave communications project and a 300-channel coaxial telephone cable project, the five million-ton Heshangdao coal terminal, the Shenyang-Dalian highway and hotels and other tourist facilities.

CSO: 4020/144

ECONOMIC DEVELOPMENT ZONES

BRIEFS

NEW FUZHOU LEGAL OFFICE--Fuzhou, 17 Jun (XINHUA)--A legal consultancy office specializing in international economic questions has been set up in Fuzhou, provincial capital of Fujian Province. The office offers services to Chinese Government departments, organizations and enterprises as well as Sino-foreign joint ventures, co-production projects, enterprises with exclusive foreign investment or individual foreign investors. It may participate in examining, drafting, negotiating and signing contracts concerning international economic relations. It will also handle lawsuits and civil disputes involving foreign nationals. Economic relations between Fujian and foreign countries have expanded over the past few years as a result of special and flexible economic policies carried out in the locality. A similar office specializing in overseas Chinese affairs has also been set up in the province. The office is aimed at protecting the legitimate rights and interests of overseas Chinese, those who have returned to China and their families as well as compatriots in Hong Kong and Macao. Overseas Chinese with Fujian origin account for one-third of the total overseas Chinese population. [Text] [OW171023 Beijing XINHUA in English 0703 GMT 17 Jun 84]

CSO: 4020/144

ECONOMIC MANAGEMENT

JOURNAL ON MAJOR PROJECTS, URBAN DEVELOPMENT

HK110444 Beijing JINGJI GUANGLI in Chinese No 5, 5 May 84 pp 7-9

[Article by Zhang Qixian [1728 0892 0341]: "Correctly Handle the Relationship Between Major Construction Projects and Urban Development"]

[Text] Major Construction Projects Represent the Material Foundation for Urban Development

Cities represent a product of a certain stage of economic and social development. The development of production and the development of the social economy play a decisive role in the development of cities. In a new region the emergence of an industrial center frequently is a precursor of a city. In general, the building of a big backbone construction project or complex will give rise to the emergence of a city with a population of tens of thousands up to around one hundred thousand, and coupled with other supplementary projects. This city will eventually develop into a medium city with a population of hundreds of thousands.

To carry out new and major construction projects or major expansion projects in existing cities will require large-scale construction so as to provide infrastructure for industrial production and service facilities for workers and staff members. At the same time, these projects will also have a tremendous impact on the nature, scale, and distribution of the cities themselves. Most of the 156 major construction projects in China during the First 5-Year Plan were located in bit cities such as Baotou, Taiyuan, Datong, Xian, Lanzhou, Wuhan, Loyang, and Chengdu. These cities originally had a weak industrial foundation, coupled with a small population. But following the completion of major construction projects, these cities have experienced tremendous changes in their structure and size. They have changed from consumer cities into big and productive cities with heavy industrial departments as the key, their population has grown from around one hundred thousand to several hundred thousand and even more than 1 million. The layout and functions of these cities have also changed as industrial and residential districts have been developed so as to make production living more convenient.

During the Sixth 5-Year Plan, a total of 890 big and medium construction projects are being carried out across the country. Of all these projects, 400 will be completed during this period while the rest will be completed

during the Sixth 5-Year Plan include the building and expansion of 101 coal mines and shafts, 10 hydro-electric power stations, 27 thermal power stations, 54 deep-water berths, 25 cement plants, 12 synthetic fibre projects, 6 cotton mills, 6 woolen mills, and oil fields and railways. These projects are characterized by big investments, enormous energy and water consumption, enormous transportation volumes and a great many workers and staff members. The building of these projects will promote in a big way the development of the cities and the economies of the regions in which they are situated.

But the history of the socialist construction in China has proven that the building of industry, and in particular major construction projects, is not necessarily in a position to display a positive role under any conditions in promoting urban development. If the concentration of industrial construction projects is excessive and causes excessive population shifts and excessive land occupation that are beyond the capacity of a city to manage or if such infrastructure as municipal administrative facilities, public utilities, cultural and education facilities, and service facilities lag far behind key construction projects thereby causing disproportion between "bones" and "flesh," [industry and infrastructure] or if we only consider industrial construction and neglect the prevention of pollution thereby seriously endangering both production and people's lives. The results of the investment in industrial construction will consequently be affected and the economic results, environmental results, and social results of the whole city will also be damaged. Therefore in distributing the factors of production and selecting factory sites, it is imperative to conscientiously implement the state principle of "controlling the scale of big cities, rationally developing medium cities and actively developing small cities," conscientiously define and implement urban planning and planning for industry and mines, do a good job of the construction of urban infrastructure and strictly protect the environment and get rid of pollution. These measures represent a necessary condition to guarantee that major construction projects can be carried out smoothly to achieve good comprehensive results; they also represent a premise for promoting a benign urban cycle and smooth development. This is a valuable experience that has been gained by China in carrying out capital construction in the past 3 decades and more.

Urban Plan Must Be Included in the First Period of Major Construction Projects

In order to improve the results of investment in capital construction, the state has declared that all construction projects must be strictly subject to the order of capital construction so as to do a good job on feasibility studies and on the preparatory work for the construction projects. Urban planning, the planning for mining areas, the construction of urban infrastructure, and environmental protection must be included in the preparatory work and efforts must be made to do this work well. In particular, when major construction projects are designed consideration should also be given to a rational urban layout, the projects should be coordinated with overall urban planning so as to prevent mistakes that will result in irredeemable consequences. In the past, certain major industrial construction projects were carried out in remote mountain areas that are inaccessible to traffic and scarcely populated. For example, a big petrochemical industrial base was built around the base of a

mountain in a scattered semicircular layout, thereby causing many inconveniences; some factories that are creating serious pollution have been built on the windward side of urban areas and by drinking water sources or in densely populated downtown areas. The various units in certain industrial zones are not rationally planned and consequently they have affected each other. It is common knowledge that these mistakes in layout have created difficulties for industrial production and people's lives. The economic losses caused by these mistakes are beyond one's ability to measure and this situation can hardly be resolved in a short period. We must understand that space represents a basic form for the existence of things. Therefore in carrying out major construction projects, it is imperative not only to pay attention to value balance and material balances but also to environmental balance. The primary task of urban planning is to do a good job of spatial balance. The distribution of industry and selection of factory sites must be carried out very cautiously. It is imperative to consider not only construction efficiency of the projects but also the overall and long-range comprehensive results. It is also imperative to study the whole design of construction projects, define unified planning, and build the corresponding infrastructure on the basis of the specific conditions in the cities and regions where the projects are to be carried out. Concretely speaking, the following work must be included in the preparatory stage of the construction.

First, in carrying out the feasibility studies on major construction projects and in selecting factory sites, it is necessary to analyze and theoretically prove the effect of these projects on the urban economy, society, and environment, fully study what a city will require from a project and how a city's conditions will affect a project, work out the overall plans for major construction projects and coordinate these projects with the development of the urban infrastructure.

Second, follow the method used on the 156 major construction projects of the First 5-Year Plan. That is to say, with planning departments leading, central and local professional management departments, urban planning departments and environment protection departments must take part in jointly selecting the sites for major construction projects so as to make proper arrangements and rational distribution.

Third, when major construction projects are being planned, it is also necessary to rationally arrange the urban layout on the basis of urban planning. It is also necessary, on the basis of hydrological, geological, and meteorological conditions of the site and the existing urban conditions, to work out in an overall way the corresponding plans for urban water supply, drainage, highways, bridges, public traffic, electricity supplies, telecommunications, heating, gas, flood prevention, tree planting, and other infrastructure. At the same time, it is also imperative to work out the planning for the construction of life services facilities such as education, health, and commerce.

Fourth, before new major construction projects and major expansion projects are carried out in existing cities, it is necessary, on the basis of general urban planning that has already been approved, to conscientiously study whether these projects can be carried out in the cities. The related land must be

arranged on the basis of urban planning for the construction projects that have been approved after study and investigation. When the sites for major construction projects are being selected in new regions, it is necessary to fully consider the construction conditions of the new industrial and mining cities. In this way, we will be able to avoid the mistakes of carrying out construction projects in disregard of the objective conditions of the cities that have resulted in the long existence of irrationality and economic losses. The new industrial and mining cities must work out general plans as early as possible and rationally arrange urban layout and construction sequence so as to avoid the emergence of chaotic situations.

Fifth, with regard to the major construction projects that are to be carried out in old cities or the new cities and towns that will be built, it is imperative, in examining and approving the feasibility study report, designing task report, and initial designs, to conscientiously solicit the opinions of the same level urban planning management departments and environmental protection departments so as to guarantee the environmental balance of the construction projects.

Sixth, urban planning departments must actively take part in the state territorial planning and regional planning. They must also take part in defining layout planning for construction projects in various economic zones and layout and development plans for urban population centers from the point of rational distribution of the productive forces of economic zones and rational division of labor in cities and towns.

Set Up the Construction of Urban Infrastructure

While major construction projects are in a position to promote urban development, they must also rely on cities to promote their development. The criteria for measuring the results of major construction projects must be based not only on the period that is spent on and the quality of the construction but also on whether the project can be put into normal production and yield bigger economic results. Without the building of the infrastructure in advance, it will be impossible to build a major heavy industrial enterprise in a barren place. Even if the enterprise is finally built, it still cannot carry out production normally and improve economic results without the support of the necessary infrastructure. A medium-size steel plant with 500 million yuan of investment will have to employ tens of thousands of workers and staff members. With the staff that needs millions of square meters of housing facilities, this plant has to consume 300 million kilowatt hours of electricity annually, coupled with over 5 million tons of transportation volume annually and 20,000 cubic meters of water consumption per hour. And all this has to be provided by a city. And because of various reasons in the past, many cities do not have enough infrastructure. As a result, certain major construction projects must set up their own social service facilities to form various size "independent social units." This situation has affected the effort to concentrate major resources on building major enterprises and these service facilities do not serve the society with higher efficiency. At the same time, these units isolate themselves from the outside community. And all these defects are very striking.

In order to improve the economic results of urban construction and following the development of the modernization program, it will become even more imperative for industrial construction projects to be coupled with modern infrastructure so that the related cities will be characterized by high centralization and a system of high division of labor among specialized departments and high coordination. Therefore the existing urban economic structure and management system must be reformed. The contents of this reform should include the following aspects.

First, gradually implement the division of labor between administration and enterprises. According to the principle of the related documents issued by the State Council, the main function of municipal people's governments is to plan, build, and manage the cities well and this work includes the layout of various urban construction projects, workers and staff members housing facilities, and urban infrastructure, the planning of social service facilities that includes the building and management of primary and secondary schools, and retail commercial outlets. Effort must be made to gradually enable the cities to manage enterprises through economic methods, coordinate enterprises, and reorganize and integrate them on the basis of the economic relationships among enterprises, rationally utilize resources, protect the environment and do a good job of industrial, commercial, and administrative management. Efforts must also be made to gradually socialize urban industrial production and service facilities for people's lives.

It is imperative now to select a few cities and create the necessary conditions to experiment on the unified management of life services facilities. And on this basis, it is imperative to experiment on the unified construction and management of various production service facilities such as production oriented water, gas, heating and the maintenance of production premises, passenger and cargo vehicles. Popularization can later be made on the basis of experience.

Second, open up regular sources for the urban construction capital. The biggest difficulty confronting many cities now in carrying out urban construction is that they do not have enough regular capital sources. Therefore construction is arranged on the basis of the amount of capital available and not on the basis of needs and input-output balances. Consequently, as time goes by, these problems have increasingly caused imbalances. This situation must be changed. Certain cities have retained 5 percent of industrial and commercial profits for urban capital construction. This method must be popularized as early as possible. And following the reform of the financial and tax system, it will be imperative for municipal governments to levy taxes on urban construction, coupled with the introduction of urban housing taxes and land use taxes. The revenues from these taxes must be turned into special capital for urban construction, maintenance, and management. The key public facilities and infrastructure that have an impact on the national economy and people's lives such as housing facilities for workers and staff members, urban water supply and drainage, public transportation, and parks must be included in the national economy and social development plans and they must be built in a planned and proportionate way. At present, the fees for certain major life service facilities such as housing rent and monthly train and bus tickets are

below cost and therefore they must be gradually readjusted or subsidized by the government as a support to promote the development of these facilities.

Third, utilize cities comprehensively. In order to overcome the existing shortcomings in cities that are caused by polilithic leadership in construction such as scattered capital and materials, prolonged construction periods, traffic congestion in urban areas, difficulties for municipal governments in taking over land for us, chaos in the management of capital construction and serious waste, It is imperative for various cities to form comprehensive utilization companies. Under the guidance of general municipal planning, these companies will be responsible for defining urban plans in detail, unified construction for civil use buildings, and the corresponding urban infrastructure and social service facilities. These companies will charge comprehensive utilization fees and sell the completed buildings to housing companies to rent. Comprehensive utilization capital must be included in capital construction planning and resolved through bank loans.

Fourth, urban infrastructure must be build in advance. Urban water supply, electricity supply, sewage treatment, gas, heating, streets, bridges, telecommunications, public transportation, and flood prevention projects represent key infrastructure for industrial construction and indispensable material condition for cities to exist and develop. Because of various reasons, the infrastructure in many cities in China has been lagging far behind needs over the past many years and therefore basically speaking, it has been operating under "overload" conditions. This problem must be solved as early as possible. It is therefore imperative in future that urban infrastructure must be built in advance, that the wrong understanding which considers infrastructure as "nonproductive construction" and unnecessary must be changed and that in arranging the planning for major construction projects it is necessary to include the construction of infrastructure into state planning and it must be given priority and [words indistinct] a planned way.

Fifth, "rule cities with law." Efforts must be made to form and perfect the legal system for urban planning, construction, and management. In particular, it is imperative to stick to state law and strengthen the ranks of urban management and law enforcing organs so that urban management can be carried out on the basis of the legal system.

CSO: 4006/624

ECONOMIC MANAGEMENT

BRIEFS

YUNNAN SUPPORTED BY DEVELOPED REGIONS--Kunming, 3 Jul (XINHUA)--Yunnan Province in southwest China has signed 300 contracts for new technology with better-developed provinces and municipalities including Beijing, Shanghai and Jiangsu this year, local authorities said. The agreements brought to 432 the total number of contracts signed since the province broke its economic isolation and opened to other parts of China in 1980. The contracts cover farming, forestry, sideline production, fisheries, light industry, textiles, metallurgy, chemicals, medicine and scientific research and education. In the same period, more than 1,000 technicians have been invited to Yunnan from all over the country, helping train over 900 local people in science, technology, education and public health. The frontier province, inhabited by 23 nationalities, is economically backward and has had to rely on subsidies from the Central Government. Since 1980, it has given preferential treatment in compensation, wages, rewards and taxation to other provinces and municipalities which undertake projects there. Annual increases in profits of 34 factories were between 100,000 yuan to one million yuan in the past four years thanks to introduced technology. [Text] [OW031331 Beijing XINHUA in English 1303 GMT 3 Jul 84]

CSO: 4020/151

FINANCE AND BANKING

BRIEFS

WORLD BANK LOANS--Washington, 15 Jun (XINHUA)--The World Bank has cooperated very well with the People's Republic of China since the restoration of its legitimate right of representation at the World Bank in 1980. This can be seen clearly from the briefing to reporters here Thursday by Caio Koch-Weser, chief of the China Programs Division of the World Bank. Loans by the World Bank to China will top one billion U.S. dollars in the financial year ending 30 June and its lending to China in the past 4 years amounts to U.S.\$1.91 billion, of which 1.18 billion were loans from the International Bank for Reconstruction and Development (IBRD) and 730 million were credits from the International Development Association (IDA). The IDA credits are repayable in 50 years and carry no interest but have annual charges of 0.5 percent or 0.75 percent. The IBRD loans bear interest at a rate higher than the IDA credits, but lower than the rates offered to developing countries by the commercial banks of the rich countries. The 18 projects in China financed by the bank have been mainly for energy, transportation, farming and education. India, China, Brazil and Indonesia are the four biggest borrowers of the World Bank and India has got the largest share from the World Bank in the past 4 years. [Text] [OWL60749 Beijing XINUUA in English 0639 GMT 16 Jun 84]

CSO: 4020/144

INDUSTRY

ANHUI'S MILITARY INDUSTRY MAKES CIVILIAN GOODS

OW201345 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Jun 84

[Text] In the course of readjusting the economic system, our province's military industrial enterprises have earnestly implemented the policy of integrating production of military goods with that of civilian goods and actively readjusted their orientation of service and production mix. New progress has been achieved in scientific research and production of civilian goods.

At present, military industrial enterprises in the province have switched from exclusive defense production to producing a wide variety of military and civilian goods. Among civilian goods that have been incorporated into production plans are 141 kinds of civilian goods, including machines and electrical appliances for daily use, civilian-use ships, knitting machines, instruments and meters, demolition equipment and chemical and light industrial goods. Fifteen specialized production lines for window air conditioners, recorders, demolition equipment, small cars, bicycles, knitting machines, knitting needles, fiberboard, polyurethane foamed plastics, [word indistinct] farm chemicals, ceiling fans and other civilian goods have been set up. More than one-third of these enterprises are producing more civilian goods than military goods in terms of output value.

With their military goods production assignments reduced by a big margin, local military industrial enterprises under the provincial authorities increased output value of civilian goods by 37 percent in 1983 compared with the previous year and their total industrial output topped all previous records, thus putting an end to 3 consecutive years of deficits.

The provincial government recently urged all military industrial enterprises in the province to further emancipate their minds, to boldly carry out reform and to create a new situation in the production of civilian goods as early as possible. For this reason, the Anhui Provincial Office of Science, Technology and National Defense Industry has organized military industrial enterprises to conduct research and investigation on the province's needs in industrial and technological renovation and rural commodity production, to work out overall plans for the production of civilian goods, to further closely integrate the production of civilian goods by military industrial enterprises with development of the province's economic construction and to make new contributions to Anhui's prosperity.

CSO: 4013/185

INDUSTRY

STATION COMMENTARY ON DEVELOPMENT OF GANSU'S ELECTRONICS INDUSTRY

HK100536 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 9 Jun 84

[Station Commentary: "Import Advanced Technology, Vigorously Develop Gansu's Electronics Industry"]

[Excerpts] The Languang-Lanhai Electronics Company Limited set up by Gansu in the Shenzhen special zone has been bold in practice and exploration; it has paid attention to taking advantage of the special zone's superior feature as a window, and in only a little over 1 year has actively imported advanced foreign technology and boldly cooperated and worked with foreign businessmen. Notable results have been scored in capital construction, product development, and the building of the workforce. It has created and accumulated a certain amount of experience for further developing the province's electronics industry.

At present the province's electronics industry has some 30 enterprises with 20,000 workers and technicians. It has considerable capability in production. However, as Gansu is a remote place with poor communications, the speed of development of this industry is very far from suiting the situation of technical revolution and product improvement.

The production practice of the Languang-Lanhai Electronics Company Limited in the Shenzhen special zone tells us that today, when the world electronics industry is developing rapidly and electronics technology is playing an ever greater role in social production, importing advanced technology to vigorously develop the province's electronics industry has become an extremely urgent task. This requires that we consider together the import of technology and the manufacture of new products, and decide on correct strategic plans.

To do a good job in digesting and modifying advanced technology, we must also step up the training of talent and improve the management of enterprises and the quality of the workforce, to create full conditions for vigorously developing the province's electronics industry. Thus this industry can play an active role in the province's economic construction and make good contributions to it.

CSO: 4013/186

INDUSTRY

NEW FOOD STORAGE, PROCESSING METHODS SHOWN

OW161028 Beijing XINHUA in English 0813 GMT 16 Jun 84

[Text] Changsha, 16 Jun (XINHUA)--Chinese scientists have proved that caves compare favorably with most sophisticated equipment for storing fruit.

The Fruit Tree Research Institute of the Shanxi Provincial Academy of Agricultural Sciences has developed the technique of using air-conditioned plastic tents to store apples in caves. It has been proved that apples stored by this method for up to half a year are still fresh and tasty, and the proportion of damaged apples is less than 4 percent.

This result is as good as that for apples stored under refrigerated conditions. In using the new method, moreover, the cost of storing one ton of apples is less than 40 yuan (about 20 U.S. dollars)--much lower than the cost of using refrigerators. In addition, the new method helps save energy and other expenses.

As agricultural production has increased in recent years, China has paid more attention to the development of techniques for storing and processing grain, cotton, edible oil, meat, eggs, vegetables, fruit and other agricultural and sideline products. Earlier this month, the country's first national symposium on agricultural products storing and processing technology was held in Changsha, Hunan Province. Nearly 1,000 items were on display, illustrating new technology.

The air-conditioned tent was one of the biggest draws at the symposium.

Other exhibits included a small chamber for drying dates, hot peppers, and other small fruits and vegetables, developed by the Northwest China Agricultural College. It costs only 300 to 400 yuan to build such a chamber, which has a volume of 8 to 12 cubic meters, and can dry 200 kilograms of hot peppers a day. In addition, it is easy to operate and does not need much fuel. The equipment has helped to reduce the crop losses of these vegetables caused by spells of wet weather, and encouraged peasants to expand production.

According to sources at the national symposium, the proportion of damaged fruits in crops nationwide dropped to less than 15 percent last year from 20 percent in the past.

INDUSTRY

WUHAN STEEL MILL'S PROBLEMS BEING OVERCOME

HK060414 Beijing CHINA DAILY in English 6 Jul 84 p 3

[Unattributed article by the "National News" section: "Wuhan Steel Mill Problem Tackled"]

[Text] After years of delay, the Wuhan Steel Complex's rolling mill will be running at full capacity next year.

The gigantic rolling plant, imported from the Federal Republic of Germany and Japan early in the 1970's at a cost of billions of dollars, has not been able to operate at full capacity owing to shortage of power, raw materials and spare parts.

This problem, which remained unsolved through the years as a result of continued wrangling among the departments, was finally tackled at a conference held over the weekend by the State Economic Commission, according to the ECONOMIC DAILY.

All departments concerned were told at the conference that further wrangling would be nothing less than criminal. Vice Minister Zhou Chuandian also briefed the conference on the problems which prevent the Wuhan plant from running at full capacity.

Leading members of the State Planning Commission, Ministry of Water Resources and Electric power, Ministry of Railways, Ministry of Machine-Building Industry, Ministry of Foreign Economic Relations and Trade, State Administration of Commodity Prices, State Administration of Supplies, Ministry of Communications and Ministry of Light Industry all agreed at the conference to commit themselves to supplying the Wuhan plant with the necessary energy, materials and facilities to enable it to go into full operation next year.

The Ministry of Machine-Building Industry has vowed to provide the rolling mill with all the necessary spare parts they can produce, while the Ministry of Foreign Economic Relations and Trade said it will allow the Wuhan mill to import those parts they have to buy from abroad.

The key issue of power shortage, which now causes the rolling mill to suspend its production for three hours daily, will be resolved by the Ministry of Water

Resources and Electric Power. The Wuhan Steel Complex mill will, however, undertake to furnish the power stations with the additional fuel required for the extra power supply.

The Ministry of Railways has guaranteed the regular delivery of raw materials to the Wuhan mill, including an annual shipment of 0.6 million tons of limestone from Hunan Province and 90,000 tons of magnesium ore from Liaoning province.

Finally, the Ministry of Light Industry said it will undertake to purchase and distribute the tin plates produced by the rolling mill on condition the quality, size and packing of such products meet the required standard.

The ECONOMIC DAILY said the case of the Wuhan Steel Complex is a typical example of some 200 major enterprises in this country, which have yet to resolve problems to play their role in the national economy.

CSO: 4020/151

INDUSTRY

BRIEFS

JOINT SINO-U.S. VENTURE--Shenyang, 20 Jun (XINHUA)--A computerized digital-control lathe, manufactured jointly by Chinese and American firms, successfully passed tests today in Shenyang, capital of Liaoning Province. The lathe is the first of 36 to be manufactured for the United States. The main parts are being manufactured by the Shenyang Machine Tool Plant No 3, and the digital-control systems by the Pratt and Whitney Machine Tool Division of the U.S. Colt Industry. The deal was concluded after representatives from the American firm visited the Chinese plant a year ago, providing Shenyang with blueprints and a prototype. The plant has made lathes for many years. Its products once won a national prize, and were commended at an international exhibition in Chicago in 1982. [Text] [OW201232 Beijing XINHUA in English 1206 GMT 20 Jun 84]

SHANGHAI STIRLING ENGINE CONFERENCE--Shanghai, 21 Jun (XINHUA)--A total of 200 Chinese and foreign scientists attended the Second International Conference on Stirling Engines which opened here today. The energy-saving piston engine, named after a British scientist of the early 19th century, is widely used in motor vehicles, ships, locomotives and mobile power stations. Shen Yuerui, chairman of the conference and vice-chairman of the Chinese Society of Naval Architecture and Marine Engineering, said that China would give priority to rural applications in developing the engine, to ease the fuel shortage and electrify the countryside at an early date. Participants from Bangladesh, Canada, Italy, Japan, the United States and China will read 47 papers and discuss international cooperation during the conference. They will also visit a Stirling engine laboratory in the Shanghai Maritime Diesel Research Institute. The ongoing conference is sponsored by the Chinese Society of Naval Architecture and Marine Engineering, and the Chinese Society of Engineering Thermophysics. The first conference was held in Britain in March 1982. [Text] [OW220427 Beijing XINHUA in English 1300 GMT 21 Jun 84]

HANGZHOU ELECTRONICS CONFERENCE OPENS--Hangzhou, 9 Jun (XINHUA)--A multinational meeting to exchange knowledge of electronic techniques opened today in the scenic city of Hangzhou, Zhejiang Province. Taking part in the week-long conference are representatives of 27 firms from Canada, Denmark, the Federal Republic of Germany, Italy, Japan, Switzerland, the United States and Hong Kong. During the conference, modern computers and other

electronic equipment will be displayed by the firms, and seminars on 11 subjects, including analysis of sound interference in automatic signal testing, will be held. Business discussions are also on the agenda. An official said that the purpose of the meeting, which was sponsored by two Zhejiang units and a Hong Kong company, is to spur China's electronics industry by introducing advanced techniques, and to promote commercial and technical cooperation with foreign countries. [Text] [OW092122 Beijing XINHUA in English 1506 GMT 9 Jun 84]

JAPANESE EXHIBIT IN TIANJIN--Tianjin, 20 Jun (XINHUA)--A Japanese exhibition of woodworking machines, construction equipment and materials, and office equipment opened here today. Items on display include computers, facsimile machines, copying machines, telex printers, high-speed printing machines, wood grinders, drillers and planers, and new building materials. The exhibits are new products developed by 40 Japanese firms in the past few years. Technical exchanges and trade negotiations will be held during the 7-day exhibition, sponsored by the Japan Association for the Promotion of International Trade and the Tianjin branch of the China Council for the Promotion of International Trade. A 200-member delegation headed by Morita Takamaru, chairman of the Japanese association, attended today's opening ceremony. [Text] [Beijing XINHUA in English 1547 GMT 20 Jun 84]

SHANGHAI ETHYLENE PROJECT APPROVED--Shanghai, 23 Jun (XINHUA)--The State Council has given the go-ahead for a 300,000-ton ethylene project in Shanghai, which will boost textiles, chemicals and handicraft industries in China's leading industrial area. It is the third key new project for the area, following the Baoshan Iron and Steel Complex--China's largest with an annual capacity of more than six million tons of pig iron and six million tons of steel--and the Shanghai General Petrochemical plant. Ethylene is a colorless, flammable gaseous hydrocarbon, obtained from natural or coal gas, and used as a fuel, an anesthetic and in hastening fruit-ripening. It is also needed in the production of polyethylene. The new project consists of 13 pieces of equipment. Preparations for installing the three pieces of imported equipment are under way and the other 10 will be designed and made mainly by Chinese. A project group was set up in mid-June led by Chen Jinhua, general manager of the China Petrochemical Corporation. [Text] [OW240706 Beijing XINHUA in English 0640 GMT 24 Jun 84]

SHANGHAI APPLIANCE EXPORT COMBINE--Shanghai, 14 Jun (XINHUA)--A household electric appliances export combine embracing production, research, export and quality inspection was inaugurated in Shanghai today. The combine, the first of its kind in China, is jointly operated by the Household Electric Appliances Company in Chongming County in the Chang Jiang delta, Shanghai Engineering University, the Shanghai Light Industrial Products Import and Export Company and the Shanghai Import and Export Commodities Inspection Bureau. Production of household electric appliances has developed there rapidly in recent years, thanks to colleges and foreign trade and commodities inspection departments. Its electric fans, irons, ovens and washing machines are sold to more than 20 countries and regions. [Excerpts] [OW141828 Beijing XINHUA in English 1536 GMT 14 Jun 84]

CSO: 4010/100

CONSTRUCTION

COASTAL CITIES SPEED UP HARBOR CONSTRUCTION

OWO40935 Beijing XINHUA in English 0753 GMT 4 Jul 84

[Text] Beijing, 4 Jul (XINHUA)--Harbor construction is now being speeded up in China's coastal cities to facilitate further opening to the outside world, says the Ministry of Communications.

The Port of Dalian in Liaoning Province is building one 80,000-ton-class berth capable of handling three million tons of grain annually; two 10,000-ton-class berths to handle three million tons of coal a year; and six berths to handle 960,000 tons of goods annually. All are to be completed by 1986.

Feasibility studies are now under way for the construction of a new harbor at Dayaowan, where 70 to 80 berths for 10,000-ton vessels can be built.

The Port of Qinhuangdao in Hebei Province is building seven 10,000-ton-class berths capable of handling 60 million tons of coal a year. Another six berths to handle 3.5 million tons of bulk grain, timber and sundry goods annually are also being built. Construction of one berth to handle five million tons of crude oil is also planned.

Three berths for 10,000-ton container ships are scheduled to go into operation in Tianjin Port by 1985. Work will begin next year on 12 berths for 10,000-ton vessels in Tianjin new harbor. The berths are designed to handle six million tons of cargo annually.

Construction of six berths for 10,000-ton ships is to be completed in the Port of Qingdao, Shandong Province, in 1985. More than 100 deep-water berths are expected to be built at Qianwan in Jiaozhou Bay.

The Port of Shanghai, China's largest, is building or expanding 14 berths for 10,000-ton ships. Of these, one container berth will handle 800,000 tons of cargo annually, while two wharves are being expanded to handle four million more tons of coal a year.

In addition, construction of berths are under way or planned in other ports, including Lianyuan in Jiangsu, Huangpu and Zhanjiang in Guangdong, Fuzhou in Fujian and Beihai in Guangxi.

CSO: 4020/151

DOMESTIC TRADE

BRIEFS

GOLD JEWELRY PRICE TO DROP--Beijing 29 Jun (XINHUA)--Domestic prices for gold jewelry will drop to 1,492.97 yuan (about 750 U.S. dollars) an ounce from their present 1,990.62 yuan an ounce on 1 July. The reduction is aimed at expanding sales and supplies on the Chinese market and withdrawing currency from circulation, according to a circular issued today by the State Economic Commission, the People's Bank of China and the State Administration of Commodity Prices. Banks and other departments will also be allowed to deal with gold jewelry, in addition to units under the arts and handicrafts company of the Ministry of Light Industry, it adds. Demand for gold jewelry has been high in rural areas where many residents have relatives abroad. More gold shops will be established there to meet local needs. The processing and sale of gold jewelry was halted in China in 1961. The ban was lifted in late 1982. Sales valued at 29 million yuan were recorded nationwide last year. With demand for jewelry rising, customers have been complaining of supply shortages and a lack of new designs. Goldsmiths have been urged to step up their output, create new fashions and increase production of commemorative gold coins to help increase business. [Text] [OW291038 Beijing XINHUA in English 1030 GMT 29 Jun 84]

CSO: 4020/151

FOREIGN TRADE AND INVESTMENT

HEI BOLI ANNOUNCES TAX TERMS FOR JOINT VENTURES

OW191544 Beijing XINHUA in English 1448 GMT 19 Jun 84

[Text] Beijing, 19 Jun (XINHUA)--Foreign partners of joint ventures in the Ningxia Hui Autonomous Region will enjoy tax-free status for the first 5 years of projects with life spans of more than 10 years, from the first profit-making year. This was announced by Hei Boli, chairman of the people's government of the inland Northwest China autonomous region, at a press conference here today.

A 50-percent tax reduction will be offered for each of the following 5 years and a 15-to-30-percent reduction will be offered thereafter, Hei said.

By contrast, the tax-exemption period for joint ventures in China's coastal areas is normally 2 years, with 50-percent reductions for the next 3 years.

Chairman Hei said that Ningxia started to institute the open policy in 1982, and by the end of 1983 Ningxia's cooperation with foreign countries involved 14 projects in the forms of co-production, joint designing and compensation trade. These projects involved some U.S.\$30 million from foreign partners, he added. Most of the projects are already partially or wholly in operation.

Hei said that Ningxia had prepared 67 projects to be undertaken by importing either foreign capital or technology and equipment; priority will be given to energy projects.

Hei disclosed that Ningxia plans to build a thermal power station with a generating capacity of 2,400 megawatts, and the first-phase project of the station will have a generating capacity of 600 megawatts, requiring an investment of 400 million yuan (about U.S.\$200 million).

"We warmly welcome foreign investors to Ningxia," Hei said, adding that a discussion on international economic and technical cooperation in this Northwest China inland region is to be held 20-30 September in Yinchuan, capital of the autonomous region.

Impressed by the successes of China's special economic zones set up in coastal areas in attracting and utilizing foreign capital and technology, inland regions like Ningxia are eager to follow suit.

CSO: 4020/144

FOREIGN TRADE AND INVESTMENT

BRIEFS

BEIJING TRADE FAIR--Bangkok, 14 Jun (XINHUA)--China has invited more than 30 countries to participate in the 4th Asia-Pacific International Trade Fair to be held in Beijing in November 1985. This was announced today by Sun Fang, who came to Bangkok on 8 June as head of a Chinese delegation to discuss arrangements for the fair with the UN Economic and Social Commission for Asia and the Pacific (ESCAP). He told a press conference that the first-phase of construction of a 40,000-square-meter international exhibition center is expected to be finished by the first half of 1985. Executive Secretary of the ESCAP Shah A.M.S. Kibria said at the press conference that it was of some significance that the first such fair in 13 years will be held in China. The 3rd fair was held in New Delhi in 1972. He said the aim of the forthcoming fair is to stimulate regional economic cooperation, boost trade and industrial growth and encourage technological and scientific advances by the Asian and Pacific countries as well as in the rest of the world. [Text] [OW141753 Beijing XINHUA in English 1634 GMT 14 Jun 84]

ZHEJIANG RECEIVES FOREIGN BUSINESS--Hangzhou, 23 Jun (XINHUA)--Zhejiang Province, East China, has signed seven agreements, 65 letters of intent and two contracts for economic and technical cooperation in talks over the past week with more than 200 foreign business chiefs. These foreign business executives were invited to the province on the occasion of the 5th anniversary of the founding of the Provincial International Trust and Investment Corporation. The cities of Hangzhou, famous for its beautiful West Lake, and Ningbo and Wenzhou of the province, which have recently been opened economically to the outside world, have all benefited from the talks. The host province proposed 218 projects concerning light industry, textiles, chemicals and machine-building, and about 75 percent of them were discussed. [Text] [OW231012 Beijing XINHUA in English 0859 GMT 23 Jun 84]

ROLLED STEEL FROM YUGOSLAVIA--Belgrade, 23 Jun (XINHUA)--Yugoslavia will supply China with 100,000 tons of rolled steel annually in the 10 years from 1985 to 1994. An agreement was signed by a representative of China's Metal and Mineral Import and Export Corporation and a representative of Zenica Mineral and Metal Integrated Complex of Yugoslavia in Sarajevo yesterday. Chinese Vice Premier Yao Yilin held consultations with the complex on the purchase of Yugoslavia's rolled steel when he visited Yugoslavia in June last year. [Text] [OW240838 Beijing XINHUA in English 0743 GMT 24 Jun 84]

SPECIAL ECONOMIC ZONES

SHENZHEN CORPORATION BOOSTS ELECTRONICS PRODUCTION

OWL51702 Beijing XINHUA in English 1643 GMT 15 Jun 84

[Text] Shenzhen, 15 Jun (XINHUA)--A new industry-trade corporation was inaugurated today to boost production and import and export business in the electronics industry in the Shenzhen special economic zone in coastal Guangdong Province.

Originally named the Shenzhen branch of the China Electronics Import and Export Corporation, the new company is authorized to run joint ventures with overseas interests or combined enterprises with inland provinces.

Shenzhen is one of China's four special economic zones where flexible policies are implemented to attract foreign funds and technology. The electronics industry receives top priority in Shenzhen's industrial development, said Zhou Xiwu, vice-mayor of Shenzhen City.

"Shenzhen will give special preferential treatment to projects employing advanced equipment for producing electronic parts," he said at a reception marking the inauguration of the company.

The company will promote economic and technical cooperation and exchange with electronics concerns in other countries and regions, a company official said.

Situated in an 18-story building with a floor space of 12,000 square meters, the new corporation has a number of standard workshops and storehouses.

Representatives from more than 100 firms in Japan, the United States, the Netherlands, Britain, France and the Hong Kong region attended today's reception. Business talks began in the course of the function.

Present also were Wei Mingyi, vice-minister of the electronics industry and chairman of the China Electronics Import and Export Corporation, and Liang Xiang, mayor of Shenzhen.

CSO: 4020/144

SPECIAL ECONOMIC ZONES

BRIEFS

SHENZHEN CONSTRUCTION PROJECTS--Shenzhen, 14 Jun (XINHUA)--Two major construction projects went into operation today in the Shenzhen special economic zone in Guangdong. Most of a 300-meter wharf at the Chiwan offshore oil supply base near Shenzhen's Shekou industrial area opened 15 days ahead of schedule. The wharf, which took 200 days to build, can accommodate four work boats at the same time. The Chiwan base, an important supply base for offshore oil development in the South China Sea, was managed by the Chiwan Petroleum Supply Base Company, which composes of the China Nanshan Development Company Ltd and the Singapore Offshore Joint Services Co, Ltd. A number of foreign oil companies are negotiating with the Chiwan Oil Base Company for use of the wharf. Equipment imported by the China Nanshan Development Company Ltd from the United States produced 30,000 cubic meters of concrete products a year during test runs. Production and feeding at the Chiwan cement products plant are computerized. Products turned out by the new installation will be sold at home and abroad. The plant is adjacent to the Chiwan deep-water wharf. [Text] [OW141920 Beijing XINHUA in English 1758 GMT 14 Jun 84]

ZHUHAI SPECIAL ECONOMIC ZONE--Guangzhou, 19 Jun (XINHUA)--The Zhuhai special economic zone adjacent to Macao is accelerating development of industry, commerce and housing, according to Liang Guangda, acting mayor of Zhuhai City. Liang said that in the 4 years since it was designated as one of the four special economic zones in China to attract foreign investment with preferential terms, Zhuhai has mainly concentrated on the construction of hotels, tourism centers, housing and office buildings, paving the way for speedier industrial development. Total investment for capital construction in the zone this year will come to over 379.8 million yuan (about U.S.\$175 million), almost four times that of the combined investment over the past 4 years, he said. About 150,000 square meters of standard factories is scheduled to be completed this year for outside investors. Projects already begun or to be started include a brewery capable of producing 40,000 tons of beer a year involving investment of U.S.\$22 million, a glass bottle plant (U.S.\$15 million), a cold storage plant (U.S.\$4.9 million), a computerized testing and maintaining center for motor vehicles (U.S.\$2.56 million) and a timber processing plant (U.S.\$1.4 million). Other projects under construction or planned for this year include a 110,000-volt power transformer substation, a six-berth (including two 10,000-ton berths) deepwater port, an international direct dial telephone system, expansion of a heliport, and building and expansion of 17 roads with a combined length of 20 kilometers, he said. [Text] [OW190909 Beijing XINHUA in English 0817 GMT 19 Jun 84]

TRANSPORTATION

BIG TRANSPORT EFFORT GETS GOODS TO XIZANG

OW040937 Beijing XINHUA in English 0835 GMT 4 Jul 84

[Text] Xining, 4 Jul (XINHUA)--Goods from the inland areas trucked to Tibet along the Qinghai-Tibet Highway will top more than 420,000 tons this year, two times the 1983 figure, according to a Tibetan transport agency based in Golmud, Qinghai Province.

These goods include grain, edible oils, other daily necessities and rolled steel, cement and construction equipment.

About 80 percent of the goods are shipped to Tibet through the Qinghai-Tibet Highway. The rest will be sent through other routes or by planes.

Most of the materials and equipment being sent there are for the construction of 43 projects in Tibet. These projects include power stations, hotels, schools, hospitals, cultural centers and industrial enterprises, costing an investment of more than 300 million yuan. Twenty-seven of the projects will be completed next year before the 20th anniversary of the founding of the Tibet Autonomous Region.

Beginning in May, the Civil Aviation Administration of China (CAAC) scheduled four additional temporary flights weekly between Chengdu, capital of the neighboring Sichuan province, and Lhasa, capital of Tibet, to carry technicians and engineers from inland areas to the highland region.

Since 1 June, a fleet of 4,000 trucks has been carrying about 2,000 tons of goods a day to Tibet from the city of Golmud, Qinghai Province.

Army units stationed in Qinghai, Gansu and the Xinjiang Uygur Autonomous Regions are also helping with transport.

In April and May this year, more than 63,000 tons of construction materials and equipment arrived in Tibet.

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TRANSPORTATION

BRIEFS

NEW HIGHWAY IN REMOTE SICHUAN--Chengdu, 2 Jul (XINHUA)--A column of 50 decorated trucks arrived in Derong County, Sichuan Province, one of the last two counties in China to lack highway transport service, today after travelling the newly-built highway to mark the road's official opening. Its construction starting in 1976, the 162.6-kilometer highway linking three counties in the southwestern part of Sichuan crosses the Ma'an Mountain, 4,000 meters above sea level, and the rushing torrents of two tributaries of the turbulent Jinsha River. Goods previously had to be transported by man and yaks to this area. Among the 2,080 counties across the country, Medog in Tibet is the only county which has no highway transport service today. [Text] [OW021310 Beijing XINHUA in English 1242 GMT 2 Jul 84]

WANZI PORT OPENED TO MACAO--Guangzhou, 29 Jun (XINHUA)--A passenger ferry port, Wanzi in Zhuhai city, Guangdong Province, has been opened to Macao, provincial authorities announced today. The State Council has approved the opening of the port, 700 meters from Macao, which can accommodate 1,000-ton ships. A beach of 1.06 square kilometers at Wanzi was designated part of the Zhuhai Special Economic Zone in 1980. Factories, shops, tourist facilities and housing are to be built there with overseas investment. Authorities believe that the opening of Wanzi will promote the development of the Zhuhai Zone and provide a fine investment environment for overseas firms. [Text] [OW291831 Beijing XINHUA in English 1621 GMT 29 Jun 84]

RAIL PROJECTS IN NORTHEAST--Shenyang, 5 Jul (XINHUA)--Northeast China expects to improve its energy supply and transport service with the initial completion of a large rail marshaling yard in Shenyang, capital of Liaoning Province, early this week, according to local railway officials. Linking four busy railway lines in northeast China, the yard is designated to accommodate 119 trains and marshal 14,000 railways cars a day upon full completion in October. This will facilitate the shipment of coal from Shanxi, China's largest coal producer, to Shenyang, a major heavy industrial base, and other cities in northeast China. Covering 333 hectares, the yard consists of two systems, in and out of Shenyang. The incoming system toward Beijing, the Chinese capital, was commissioned early this week--one year and a half ahead of schedule--marshaling 6,257 railway cars and dispatching and accepting 62 trains a day. Construction of the yard began in 1980 and will cost 120 million yuan (about 54 million U.S. dollars). A key state project for the 1981-1985 plan, the yard will be equipped with a semi-automatic hump switching system and microcomputers. [Text] [OW051146 Beijing XINHUA in English 0900 GMT 5 Jul 84]